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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

25 September 1981
NFAC-6057-81

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: Acting National Intelligence Officer for
Western Europe

SUBJECT: Monthly Warning Assessment: Western Europe

1. Finland: While recent reporting indicates that President Kekkonen's condition has continued to worsen (he appears to suffer from increasing senility, in layman's terms), it is not a foregone conclusion that his retirement will be decided on 10 October, either by himself or by the medical personnel in attendance. Should his retirement occur, however, by far the leading (and most popular) candidate to succeed him is the Prime Minister and acting President, Koivisto, a Social Democrat. Since the Center and Conservative Parties will have considerable difficulty in agreeing on a joint candidate, Koivisto may not encounter serious opposition, particularly if there is an arrangement in advance which designates a member of the Center Party as the next Prime Minister. Nonetheless, the Center and Conservative Parties might, in extremis, be able to coalesce around a joint candidate, but it is doubtful that he or she could overcome Koivisto's commanding lead.

The unknown factor is the extent to which the Soviets may be prepared to exercise their economic leverage for political effect; in any event, they must be aware that too obvious or heavy-handed meddling could defeat their purposes, so they probably will proceed with discretion. They clearly would prefer a candidate other than Koivisto, and appear to favor Karjalainen. Nonetheless, the Soviets would be able to live with Koivisto as president, in spite of their expressed reservations about his putative foreign policy.

2. Spain: In spite of Socialist Party posturing in anticipation of its forthcoming party congress, no major political party in Spain wishes NATO membership to fail. Nonetheless, the government would like to achieve as

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broad a consensus as possible, and might be tempted into making some ill-considered assurances on such delicate subjects as nuclear weapons, in order to avoid solid Socialist (and other) opposition. The vote also comes at a time of growing local disaffection with the slowness with which the central government is implementing its commitment to greater regional autonomy, especially in Catalonia. Consequently, some of the restive regional parties might, to express their dissatisfaction, vote against NATO membership, risking the charge that the NATO question was not decided on the basis of a broad, national consensus, but only on a partisan, right-wing vote.

That the threatened ETA terrorist campaign has not yet occurred is a reflection both of a split in the leadership over the utility of terrorism and of the fact that there has been a perceptible slackening of public support for ETA's more extreme acts of violence.

3. Italy: While Prime Minister Spadolini has moved energetically and imaginatively to address the serious economic problems besetting the country, he is likely to encounter continuing labor resistance to any adjustment of the scala mobile, the automatic wage indexation scheme, which is widely perceived to be a major cause of Italy's 18%-20% annual inflation rate for this year. Moreover, the major political parties in his shaky coalition, the Socialists (PSI) and Christian Democrats (DC) are unenthusiastic about permitting Spadolini to achieve such success that he might become a political giant in his own right. He is, as a result, widely perceived to be an interregnum, as the DC and PSI seek to set their own houses in order (especially the former) in anticipation of their next electoral confrontation, which is now predicted for sometime in the spring of 1982. The key issue is which party will provide the prime minister, and the DC is unwilling to yield to the PSI on this question, especially since the President of Italy is also a Socialist.

The one party most strategically placed to benefit politically from the continuing DC-PSI rivalry is the Communist (PCI), which on the one hand is determined to thwart any government of which it is not a part, and on the other sings its siren song of possible cooperation to both the PSI and the DC, either one of which might, in the face of a prolonged stalemate, be tempted to risk some kind of electoral arrangement with the PCI to checkmate the other.

Meanwhile, some elements of labor, especially at the base, appear ready to compromise on the scala mobile issue, but the Communist-dominated CGIL has taken a hard line, which in all likelihood will prevail, since the other unions are not yet prepared to break the sacrosanct "unity of the working masses."

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4. Germany:

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The consensus was that we can expect more terrorist attacks against American objectives in West Germany, especially as there appears for the moment to be a confluence of objectives between the terrorists of the RAF and the "peace movement," which the terrorists are exploiting to seek to place themselves in the vanguard of the anti-TNF, anti-ERW and anti-nuclear movement in general. It was noted, however, that such acts of terrorism run the risk of alienating a large segment of the population, and some left-wing newspapers, by no means known for their friendliness to the US, are already indicating their revulsion at the current wanton terrorism against the American presence.

Looking at the issue from another perspective, we agreed that there was some overlapping in the Soviet objectives with respect to Germany and the peace movement, in their joint opposition to TNF and other measures to improve NATO forces. At the same time, it is important to recognize that there is a strong indigenous peace movement (or anti-nuclear weapons movement) in West Germany, and that it would be an overstatement to assert that the peace movement is purely and simply a Soviet instrumentality.

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